

City of Hamilton

Purchasing Card

Policy & Procedures

Overview

The Finance Department recognized an opportunity to streamline processes, improve management reporting, and reduce the cost of making small dollar purchases and has worked together with U.S. Bank to automate the City Purchasing Card Program.

Although the Purchasing Card is not a new concept, we have now partnered with U.S. Bank to implement the U.S. Bank One Card program to simplify, streamline and facilitate the purchase and payment process.

1.0 Card Issuance and Cancellation

Purchasing Cards are a privilege and not a right. Employees assigned a Purchasing Card assume personal responsibility for its activity and use in accordance with this policy.

Cardholders in each department will be determined by the department's director. The Finance Department Purchasing Card Administrator is responsible for the issuance and cancellation of all cards.

Purchasing Cards are issued following:

- Completion (and approval) of the application agreement (found on the City's intranet).

Purchasing Cards may be cancelled following:

- a change in the Cardholder's job status such that they no longer require a Purchasing Card;
- upon separation from the City for any reason, No exceptions
- cardholder misuse or untimely approval of transactions; or
- change of position or transfer within the department.
- Direction by the department's director, No exceptions.

A Purchasing Card cancelled, for any reason, must be destroyed and shredded along with written communication to the Purchasing Card Administrator of such action. The Finance Department Purchasing Card Administrator will be responsible for notifying U.S. Bank to cancel the card.

1.1 Employee Use Only

Purchasing Cards may only be issued to elected officials (Mayor, Vice-Mayor, Judge, Members of Council) and City of Hamilton employees. Specifically, independent contractors may not be issued a City Purchasing Card nor may they be delegated control over such a card or make expenditures with such a Purchasing Card.

1.2 Allowable and Disallowable Purchases

The card may be used to purchase the following:

- City meetings/luncheons
- Hotel, Conference Fees, Airline Tickets & any other approved travel related expenses (Per Diem for meals will still be paid to employee by check)
- Office Supplies
- Operating Supplies
- Professional Luncheons
- Repair & Maintenance Material & Supplies
- Small Tools & Equipment
- Subscriptions, Books & Video Tapes

The card **may not be used to pay for the following:**

- Alcoholic Beverages (except for re-sale under permit)
- Capital Equipment (with some pre-authorized exceptions)
- Contracted Services (with some pre-authorized exceptions)
- Entertainment
- **ATM, Cash advance and all other cash related transactions are strictly prohibited.**

Purchasing cards may be used to purchase goods for the City over the internet, telephone or via fax. The purchases must be evidenced by an order confirmation and an itemized receipt.

1.3 Emergency Cards

Emergency Cards have been established department-wide for the Support Program. These cards have preset limits and have been established to provide purchasing capabilities when natural or other disasters or other unforeseen circumstances have been declared by the City Manager. Emergency cards will be maintained by the Finance Department Purchasing Card Administrator until such time as an emergency situation occurs. At that time the cards will be dispensed to the appropriate Directors for use.

1.4 Limits and Restrictions

Spending limits and restrictions are determined by the Finance Director. Card limits per cycle will vary for each cardholder. The recommended amount for non-supervisors is \$1000. Cardholder limits must be approved by the cardholders

director. Card limit increases must be approved by department director and NO cards will be issued with a limit of more than \$5,000 without City Manager approval.

1.5 Purchasing Card Security

The Purchasing Card may only be used by the person whose name appears on the face of the Purchasing Card and may not be loaned to any other person. The account number that appears on the Purchasing Card **must not be given** to any individual other than the merchant from whom the Cardholder is making a purchase. When using the internet to make a purchase the cardholder must make sure the web site where card information is being entered is secure. Every cardholder is responsible for the security of their Purchasing Card. All precautions should be used to maintain confidentiality of the cardholder account number and expiration date of the Purchasing Card.

1.6 Taxes

Purchases made in Ohio and for use in Ohio, are exempt from Ohio sales and use taxes. The state's tax exempt identification number is printed on the face of the Purchasing Card and should be sufficient information for the merchant to honor the tax-exempt status of the Purchasing Card. Consistent and repeated violations of this section may be cause for card revocation, reimbursement actions, or other disciplinary actions.

Purchases made in other states are subject to that state's sales tax. Examples include lodging, rental cars, and supplies purchased either while traveling or for use in that state. The cardholder must be diligent when dealing with the merchant regarding taxes.

The City currently has active exemptions from sales tax in Ohio, as well as hotel/motel tax in Columbus, Ohio and Washington D.C. The exemption forms are available on the intranet under City Forms.

1.7 Merchant Category Codes (MCC).

The MCC are assigned by VISA to a merchant which identifies the primary type of goods or service they provide. The MCC are designed to offer every combination possible and are coded to the cardholder's file that precludes purchases from designated types of merchants. The restrictions are imposed at the point of sale if the blocked merchant requests authorization for the transaction. If you have made a purchase that is blocked, please contact the Purchasing Card Administrator.

1.8 Unauthorized Transactions

Any transaction appearing on a Purchasing Card statement that was not authorized by the cardholding employee should be immediately disputed through US Bank access online or by calling the US Bank Customer Service Desk at 1-877-887-9260. The cardholding employee shall then notify the Purchasing Card Administrator via email that they have contacted US Bank disputing a transaction. **The cardholding employee has 60 days to report a disputed charge with U.S. Bank. Disputed**

transactions must be reported to US Bank and the Purchasing Card administrator immediately.

Should the City incur a financial loss due to an unauthorized transaction(s), an investigation will be undertaken by the Director of Finance, the Director of Law, and the Chief of Police to determine remedies. In addition, a due diligence review will occur to determine if cardholder activity lent any credible possibility that the unauthorized use could or would occur. A recommendation from these three parties, two consenting, as to proper disposition will then be made for approval by the City Manager.

1.9 Misuse

The Purchasing Card is for official business use only and the misuse of the Purchasing Card may result in disciplinary action up to and including termination of employment. Cardholders **will** be required to reimburse the City, including sales tax, for any purchases that are found to be of a personal nature, lack proper substantive detail, are improper or not for official business use. Reimbursements are required to be made **before** the Finance Department issues payment to the financial institution.

2.0 Reconciliation of Charge Receipts

Each department will be responsible for reconciling reports and purchasing card logs against receipts. Each cardholder will match electronic copies of receipts and attach them to the online billing statement. Each cardholders transaction must have an electronic PDF copy of the receipt attached. **Paper copies can be kept by departments but only approved electronic copies should be sent to the Finance Department for payment. The final approver will be responsible for verification of the receipts.** Any suspicious or abnormal card usage found during the reconciliation process should be reported to the Finance Department Purchasing Card Administrator as well as the cardholder's immediate supervisor. **Cardholder accounts must be reconciled timely to avoid delinquency fees from U.S. Bank.**

2.1 Record Keeping

Itemized Merchant Sales (charge) receipts (i.e., purchase documentation that identifies items purchased and amount paid for each item) and any other back-up material should be kept scanned in and attached using U.S. Bank's electronic One card Process. See Users Guide.

2.2 Lost/Stolen Card

If the card is lost or stolen, immediately notify U.S. Bank by telephone. Confirm the telephone call by emailing the Purchasing Card Administrator.

2.3 Training

It is the cardholder's responsibility to familiarize themselves with the policies and procedures of the Purchasing Card. Training is available through the US Bank access online web training. The cardholder will need to contact the Purchasing Card Administrator for the password. It is mandatory that the cardholder complete training on working with transactions. The cardholder and department administrators **must** familiarize themselves with how to allocate accounting codes, attach receipts, add approvals and dispute transactions.